

Representative Gage Froerer proposes the following substitute bill:

BOND AUTHORIZATION AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: Gage Froerer

LONG TITLE

General Description:

This bill modifies provisions relating to certain bond authorizations.

Highlighted Provisions:

This bill:

~~It repeals the cap on the costs of issuance, capitalized interest, and debt service reserve requirements for the prison project general obligation bonds;~~

- ▶ amends language regarding the costs of issuance, capitalized interest, and debt service reserve requirements for certain highway general obligation bonds;

- ▶ amends the bonding authority for certain bonds and specifies how certain bond proceeds shall be used to provide funding for certain projects; and

- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63B-25-101, as last amended by Laws of Utah 2017, Chapter 89



26 **63B-27-101**, as enacted by Laws of Utah 2017, Chapter 436

27 **63B-27-102**, as enacted by Laws of Utah 2017, Chapter 436

28

29 *Be it enacted by the Legislature of the state of Utah:*

30 Section 1. Section **63B-25-101** is amended to read:

31 **63B-25-101. General obligation bonds for prison project -- Maximum amount --**

32 **Use of proceeds.**

33 (1) As used in this section:

34 (a) "Prison project" means the same as that term is defined in Section **63C-16-102**.

35 (b) "Prison project fund" means the capital projects fund created in Subsection

36 **63A-5-225(7)**.

37 (2) The commission may issue general obligation bonds as provided in this section.

38 (3) (a) The total amount of bonds to be issued under this section may not exceed

39 \$570,000,000 ~~to~~ **for acquisition and construction proceeds** ~~to~~ , plus additional amounts

39a necessary to pay costs of issuance, to pay capitalized

40 interest, and to fund any existing debt service reserve requirements ~~to~~ **[to]** ~~to~~ , with the total

40a **amount of**

41 **the bonds not to exceed \$575,700,000 ~~to~~ **[to]** ~~to~~ .**

42 (b) The maturity of bonds issued under this section may not exceed 10 years.

43 (4) The commission shall ensure that proceeds from the issuance of bonds under this

44 section are deposited into the Prison Project Fund for use by the division to pay all or part of

45 the cost of the prison project, including:

46 (a) interest estimated to accrue on the bonds authorized in this section until the

47 completion of construction of the prison project, plus a period of 12 months after the end of

48 construction; and

49 (b) all related engineering, architectural, and legal fees.

50 (5) (a) The division may enter into agreements related to the prison project before the

51 receipt of proceeds of bonds issued under this section.

52 (b) The division shall make those expenditures from unexpended and unencumbered

53 building funds already appropriated to the Prison Project Fund.

54 (c) The division shall reimburse the Prison Project Fund upon receipt of the proceeds

55 of bonds issued under this chapter.

56 (d) The state intends to use proceeds of tax-exempt bonds to reimburse itself for

(ii) projects prioritized in the state highway construction program; and
(b) \$100,000,000 to be used by the Department of Transportation for transportation improvements as prioritized by the Transportation Commission for projects that:

(i) have a significant economic development impact associated with recreation and tourism within the state; and

(ii) address significant needs for congestion mitigation.

(3) ~~19~~ **39** million dollars of the bond proceeds issued under this section shall be

provided to the Transportation Infrastructure Loan Fund created by Section 72-2-202 to make funds available for a transportation infrastructure loan or transportation infrastructure

assistance under Title 72, Chapter 2, Part 2, Transportation Infrastructure Loan Fund, ~~including~~ **including** the amounts ~~as~~ as

follows:

(a) ~~\$10,000,000~~ \$14,000,000 to the military installation development authority created in Section 63H-1-201; and

(b) \$5,000,000 for right-of-way acquisition and highway construction in ~~Davis County, and~~ Salt Lake County for roads in the northwest quadrant of Salt Lake City.

~~(c)~~ (4) (a) ~~Four million dollars of the bond proceeds issued under this section shall be used for a public transit fixed guideway rail station and associated with or adjacent to an institution of higher education.~~

(b) Ten million dollars of the bond proceeds issued under this section shall be used by the Department of Transportation for the design, engineering, construction, or reconstruction of underpasses under a state highway connecting a state park and a project area created by a military installation development authority created in Section 63H-1-201.

~~(4)~~ (5) The bond proceeds issued under this section shall be provided to the Department of Transportation.

~~(5)~~ (6) The costs under Subsection (2) may include the costs of studies necessary to make transportation infrastructure improvements, the costs of acquiring land, interests in land, and easements and rights-of-way, the costs of improving sites, and making all improvements necessary, incidental, or convenient to the facilities, and the costs of interest estimated to accrue on these bonds during the period to be covered by construction of the projects plus a period of six months after the end of the construction period, interest estimated to accrue on any bond anticipation notes issued under the authority of this title, and all related engineering,

architectural, and legal fees.

~~[(6)]~~ (7) The commission or the state treasurer may make any statement of intent relating to a reimbursement that is necessary or desirable to comply with federal tax law.

~~[(7)]~~ (8) The Department of Transportation may enter into agreements related to the projects described in Subsection (2) before the receipt of proceeds of bonds issued under this section.

Section 3. Section **63B-27-102** is amended to read:

63B-27-102. Highway bonds -- Maximum amount -- Use of proceeds for Salt Lake County highway projects.

(1) (a) Subject to the restriction in Subsection (1)(c), the total amount of bonds issued under this section may not exceed \$47,000,000 ~~→~~ **for acquisition and construction**

proceeds ~~←~~ **→** , plus additional amounts necessary to pay costs

of issuance, to pay capitalized interest, and to fund any existing debt service reserve

requirements ~~→~~ **→** , **with the total amount of the bonds not to exceed \$47,470,000** ~~←~~ **←** .

(b) When the Department of Transportation certifies to the commission the amount of bond proceeds that the commission needs to provide funding for the projects described in

Subsection (2), the commission may issue and sell general obligation bonds in an amount equal to the certified amount, plus additional amounts necessary to pay costs of issuance, to pay

capitalized interest, and to fund any existing debt service reserve requirements ~~→~~ **→** , **not to exceed**

one percent of the certified amount ~~←~~ **←** .

(c) The commission may not issue general obligation bonds authorized under this section if the issuance of the general obligation bonds would result in the total current outstanding general obligation debt of the state exceeding 50% of the limitation described in the Utah Constitution, Article XIV, Section 1.

(2) (a) Proceeds from the bonds issued under this section shall be provided to the Department of Transportation to pay for or to provide funds to a municipality or county to pay for the costs of right-of-way acquisition, construction, reconstruction, renovations, or improvements to highways, transportation facilities, or multimodal transportation projects described in Subsection (2)(b).

(b) Bond proceeds described under Subsection (2)(a) shall be used to pay for state and local highway projects or transportation facilities or multimodal transportation projects described in Subsection **72-2-121**(4)(c) in Salt Lake County prioritized by the county.

(c) The costs under this Subsection (2) may include the costs of acquiring land,

150 interests in land, and easements and rights-of-way, the costs of improving sites, and making all
151 improvements necessary, incidental, or convenient to the facilities, and the costs of interest
152 estimated to accrue on these bonds during the period to be covered by construction of the
153 projects plus a period of six months after the end of the construction period, interest estimated
154 to accrue on any bond anticipation notes issued under the authority of this title, and all related
155 engineering, architectural, and legal fees.

156 (3) The commission or the state treasurer may make any statement of intent relating to
157 a reimbursement that is necessary or desirable to comply with federal tax law.

158 (4) The Department of Transportation may enter into agreements related to the project
159 before the receipt of proceeds of bonds issued under this chapter.